

IRS News Release

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IRS Launches Web Section on Abusive Tax Shelter Schemes Involving Employee Retirement Plans

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WASHINGTON — As part of its effort to combat abusive tax shelter schemes and transactions, the Internal Revenue Service launched a new section on IRS.gov containing important information about abusive schemes involving employee retirement plans. The site is intended to warn promoters and plan professionals about the consequences of participating in such schemes.

The new employee plans (EP) information is located in the Retirement Plans section under “EP Abusive Tax Transactions.” In the new section, the IRS identifies so-called “listed transactions” involving employee retirement plans. It also provides recently issued guidance — such as Treasury regulations and IRS revenue rulings — intended to shut down transactions the IRS deems abusive.

“Employees and retirees count on the reliability of employee plans, which are overseen by the IRS,” said IRS Commissioner Mark W. Everson. “We’re providing this information so law-abiding plan professionals and participants can avoid being duped by promoters of abusive schemes that endanger the integrity of employee retirement plans.”

The Treasury Department recently identified as listed transactions a scheme involving indirect contributions to Roth IRAs and one involving S corporation ESOPs — employee stock ownership plans. A listed transaction is one that is identical or substantially similar to one the IRS has determined to be a tax avoidance transaction by published guidance.

The new section also provides contact information for reporting suspected abusive transactions to the IRS.

Address on IRS.gov: <http://www.irs.gov/retirement/article/0,,id=118821,00.html>